

organization at the beginning of the taxable year (in the case of (A) of this subdivision) or at the beginning of the first taxable year in which any of the series of related dispositions was made (in the case of (B) of this subdivision). A “significant disposition of assets” may result from the transfer of assets to a single organization or to several organizations, and it may occur in a single taxable year (as in (A) of this subdivision) or over the course of two or more taxable years (as in (B) of this subdivision). The determination whether a significant disposition has occurred through a series of related dispositions (within the meaning of (B) of this subdivision) will be determined from all the facts and circumstances of the particular case. Ordinarily, a distribution described in section 170(b)(1)(D)(ii) shall not be taken into account as a significant disposition of assets within the meaning of this subparagraph.

(ii) The provisions of this subparagraph may be illustrated by the following examples:

*Example 1.* M, an organization described in section 501(c)(4), is on the calendar year basis. It has net assets worth \$100,000 as of January 1, 1971. In 1971, in addition to distributions out of current income, M transfers \$10,000 to N, \$10,000 to O, and \$10,000 to P. Such dispositions to N, O, and P are not distributions described in section 170(b)(1)(E)(ii). N, O, and P are all organizations described in section 501(c)(4). Under subdivision (i)(a) of this subparagraph, M has made a significant disposition of its assets in 1971 since M has disposed of more than 25 percent of its net assets (with respect to the fair market value of such assets as of January 1, 1971). Thus, M is subject to the provisions of section 6043(b) and this section for the year 1971.

*Example 2.* U, a tax-exempt private foundation on the calendar year basis, has net assets worth \$100,000 as of January 1, 1971. As part of a series of related dispositions in 1971 and 1972, U transfers in 1971, in addition to distributions out of current income, \$10,000 to private foundation X and \$10,000 to private foundation Y, and in 1972, in addition to distributions out of current income, U transfers \$10,000 to private foundation Z. Such dispositions to X, Y, and Z are not distributions described in section 170(b)(1)(E)(ii). Under subdivision (i) of this subparagraph, U is treated as having made a series of related dispositions in 1971 and 1972. The aggregate of the 1972 disposition (under subdivision (i)(a) of this subparagraph) and the series of related

dispositions (under subdivision (i)(b) of this subparagraph) is \$30,000, which is more than 25 percent of the fair market value of U’s net assets as of the beginning of 1971 (\$100,000), the first year in which any such disposition was made. Thus, U has made a significant disposition of its assets and is subject to the provisions of section 6043(b) and this section for the year 1972.

*Example 3.* Assume in Example (1) that in 1973 M makes a \$5,000 disposition related to the 1971 disposition. Under subdivision (i)(B) of this subparagraph M is treated as having made a series of related dispositions in 1971 and 1973. The aggregate of the 1971 disposition under subdivision (i)(A) of this subparagraph and the 1973 related disposition under subdivision (i)(B) of this subparagraph is \$35,000, which is more than 25 percent of the fair market value of M’s net assets as of the beginning of 1971, the first year in which any disposition was made. Thus M has made a significant disposition of its assets and is subject to the provisions of section 6043(b) and this section for the year 1973.

(2) For the definition of the term “normally” as used in paragraph (b)(2) of this section, see § 1.6033-2(g)(3).

(3) For the definition of the term “integrated auxiliaries” as used in paragraph (b)(1) of this section, see § 1.6033-2(h).

(e) *Effective/applicability date.* The provisions of this section shall apply with respect to returns filed for taxable years beginning after December 31, 1969. The applicability of paragraphs (b)(8) and (d) of this section shall be limited to returns filed for taxable years beginning before January 1, 2008.

[T.D. 7563, 43 FR 40221, Sept. 11, 1978, as amended by T.D. 9423, 73 FR 52555, Sept. 9, 2008]

**§ 1.6043-3T Returns regarding liquidation, dissolution, termination, or substantial contraction of organizations exempt from taxation under section 501(a) (temporary).**

(a) through (b)(7) [Reserved] For further guidance, see § 1.6043-3(a) through (b)(7).

(b)(8) Any organization no longer exempt from taxation under section 501(a) and that during the period of its exemption under such section was not an organization described in section 501(c)(3), a corporation described in section 501(c)(2) that held title to property for an organization described in section 501(c)(3), or an organization described

in such other section as prescribed by publication, form or instructions.

(b)(9) and (c) [Reserved] For further guidance, see § 1.6043-3(b)(9) and (c).

(d) *Definitions.* (1) For the definition of the term “normally” as used in paragraph (b)(2) of this section, see § 1.6033-2(g)(3).

(2) For the definition of the term “integrated auxiliaries” as used in paragraph (b)(1) of this section, see § 1.6033-2(h).

(e) *Effective/applicability date*—(1) *Effective date.* The regulations in this section are effective on September 9, 2008.

(2) *Applicability date.* Paragraphs (b)(8) and (d) of this section shall apply to returns filed for taxable years beginning on or after January 1, 2008.

(3) *Expiration date.* The applicability of this section expires on September 8, 2011.

[T.D. 9423, 73 FR 52555, Sept. 9, 2008]

**§ 1.6043-4 Information returns relating to certain acquisitions of control and changes in capital structure.**

(a) *Information returns for an acquisition of control or a substantial change in capital structure*—(1) *General rule.* If there is an acquisition of control (as defined in paragraph (c) of this section) or a substantial change in the capital structure (as defined in paragraph (d) of this section) of a domestic corporation (reporting corporation), the reporting corporation must file a completed Form 8806, “Information Return for Acquisition of Control or Substantial Change in Capital Structure,” in accordance with the instructions to that form. The Form 8806 will request information with respect to the following and such other information specified in the instructions:

(i) *Reporting corporation.* The name, address, and taxpayer identification number (TIN) of the reporting corporation.

(ii) *Common parent, if any, of the reporting corporation.* If the reporting corporation was a subsidiary member of an affiliated group filing a consolidated return immediately prior to the acquisition of control or the substantial change in capital structure, the name, address, and TIN of the common parent of that affiliated group.

(iii) *Acquiring corporation.* The name, address and TIN of any corporation that acquired control of the reporting corporation within the meaning of paragraph (c) of this section or combined with or received assets from the reporting corporation pursuant to a substantial change in capital structure within the meaning of paragraph (d) of this section (acquiring corporation) and whether the acquiring corporation was newly formed prior to its involvement in the transaction.

(iv) *Information about acquisition of control or substantial change in capital structure.* (A) A description of the transaction or transactions that gave rise to the acquisition of control or the substantial change in capital structure of the corporation;

(B) The date or dates of the transaction or transactions that gave rise to the acquisition of control or the substantial change in capital structure; and

(C) A description of and a statement of the fair market value of any stock and other property, if any, provided to the reporting corporation’s shareholders in exchange for their stock.

(2) *Consent election.* Form 8806 will provide the reporting corporation with the ability to elect to permit the Internal Revenue Service (IRS) to publish information that will inform brokers of the transaction and enable brokers to satisfy their reporting obligations under § 1.6045-3. The information to be published, whether on the IRS Web site or in an IRS publication, would be limited to the name and address of the corporation, the date of the transaction, a description of the shares affected by the transaction, and the amount of cash and the fair market value of stock or other property provided to each class of shareholders in exchange for a share.

(3) *Time for making return.* Form 8806 must be filed on or before the 45th day following the acquisition of control or substantial change in capital structure of the corporation, or, if earlier, on or before January 5th of the year following the calendar year in which the acquisition of control or substantial change in capital structure occurs.